UNITED
NATIONS

E

Economic and Social Council

Distr.
GENERAL

E/CN.3/1995/7
21 December 1994

ORIGINAL: ENGLISH

STATISTICAL COMMISSION
Twenty-eighth session
27 February-3 March 1995
Item 8 of the provisional agenda*

PRICE STATISTICS

Progress Report of the Task Force on Price Statistics including the International Comparison Programme (ICP)

Note by the Secretary-General

The Secretary-General has the honour to transmit to the Statistical Commission the report of the Task Force on Price Statistics including the International Comparison Programme (ICP) (Convenor: Statistical Office of the European Communities), which is contained in the annex. The report is transmitted to the Commission in accordance with a request of its Working Group on International Statistical Programmes and Coordination at its seventeenth session (New York, 6-9 September 1994) (E/CN.3/1995/2, para. 15 (b)).

* E/CN.3/1995/1

94-51535 (E) 040195 060195

/...

Annex

PROGRESS REPORT OF THE TASK FORCE ON PRICE STATISTICS INCLUDING THE INTERNATIONAL COMPARISON PROGRAMME (ICP)

CONTENTS

		Paragraphs	Page
I.	PRESENTATION OF THE TASK FORCE	1	3
II.	WORK DONE SINCE THE SPECIAL SESSION OF THE COMMISSION	2	3
III.	PROPOSALS FOR ACTION	3 - 4	3

Appendices

I.	List of members	4
II.	Terms of reference	5
III.	Programme of work	6
IV.	Draft report of the second meeting of the Task Force on Price Statistics including the International Comparison Programme	7

I. PRESENTATION OF THE TASK FORCE

1. The Task Force on Price Statistics including the International Comparison Programme (ICP) is composed as follows:

Date of establishment:	28 October 1993 (first meeting)
Convenor:	Statistical Office of the European Communities
List of members:	See appendix 1
Terms of reference:	See appendix 2
Authority:	Working Group on International Statistical Programmes and Coordination of the Statistical Commission (fifteenth session), and Statistical Commission (twenty-seventh session).

II. WORK DONE SINCE THE SPECIAL SESSION OF THE STATISTICAL COMMISSION

2. The Task Force held its second meeting in Luxembourg on 25 April 1994 (see appendix 4 for draft report). A programme of work was agreed on appendix 3; progress in implementing that programme will be presented and discussed at the next meeting of the Task Force.

III. PROPOSALS FOR ACTION BY THE COMMISSION

3. An independent expert should be hired to evaluate the quality and use of ICP. The Statistical Commission is invited to consider that question within the context of reviewing the work programme proposals of the Statistical Division of the United Nations Secretariat (UNSTAT) for 1996/1997.

4. The Commission may also wish to consider taking action in support of the active involvement of the regional commissions in the work of the Task Force.

Appendix I

LIST OF MEMBERS

Statistical Office of the European Communities

World Bank

International Monetary Fund

Statistical Division of the United Nations Secretariat

Economic Commission for Europe

International Labour Organization

European Free Trade Association

Organisation for Economic Cooperation and Development

Economic Commission for Africa

Economic and Social Commission for Asia and the Pacific

Economic and Social Commission for Western Asia

Economic Commission for Latin America and the Caribbean

Appendix II

TERMS OF REFERENCE a/

1. Determine work being done in the specified area by the organizations involved on methods, collection, compilation, processing and dissemination, and technical cooperation. Technical cooperation, however, may not lend itself to treatment in a subject-by-subject way but may need to be reviewed in an integrated way.

2. Assess problems, duplication, weaknesses, imbalances and priority gaps.

3. Study how to carry out an evaluation of the quality of the statistics in the outputs and carry out such an evaluation as far as possible.

4. Review the publications issued by each organization in the field of statistics and make recommendations, taking account of the needs of the range of users.

5. Take agreed actions to improve the system-wide work in the area, including its coordination.

7. Report to the Working Group on International Statistical Programmes and Coordination of the Statistical Commission at its next session on action taken and/or current proposals and unresolved issues that require action by the Working Group.

The task force is expected to work in a flexible way, consulting with and involving the international organizations concerned. The Task Force should co-opt individual countries, as necessary, to provide country perspectives and to find ways of incorporating the needs of users, and should decide on the appropriate methods of work.

Notes

a/ Formulated in accordance with the recommendation of the Working Group on International Statistical Programmes and Coordination at its fifteenth session (see E/CN.3/1993/21).

Appendix III

PROGRAMME OF WORK

1. The programme of work decided upon at the second meeting of the Task Force was as follows:

No.	Action	Responsible agency	Timetable
1.	Questionnaire to be sent to various international and national agencies to obtain more information on items 1 and 2 of the terms of reference of the Task Force	Eurostat	End-1994
2.	Synthesis of results of action 1	ILO	Not decided
3.	Documentation on European Union CPI harmonization project to be sent to certain international agencies	Eurostat	Ongoing
4.	Paper to be written on the possibilities of including national CPI products in ICP lists	World Bank	End-1994
5.	Calculation of parities using results of the ILO October CPI inquiry	World Bank	Not decided
6.	Evaluation of quality and use of ICP: preliminary search for finance	UNSTAT	End-1994
7.	Test calculation of parities using basic-heading average prices in food sector	Eurostat	Spring 1995

2. In the longer term, the Task Force believes that its terms of reference should be extended to include further aspects of prices, including producer prices and construction prices. Any action in those areas should await completion of the work programme on consumer prices and ICP.

Appendix IV

DRAFT REPORT OF THE SECOND MEETING OF THE TASK FORCE ON PRICE STATISTICS INCLUDING THE INTERNATIONAL COMPARISON PROGRAMME

(Luxembourg, 25 April 1994)

1. The following representatives attended the meeting:

Mr. J. Astin (Chairman)	Eurostat
Ms. A. Kinnunen (Secretary)	Eurostat
Mr. S. Ahmad	World Bank
Mr. A. Avdoulos	Eurostat
Ms. M. Csizmadia	Statistical Division of the United Nations Secretariat
Ms. M. Harary	Organisation for Economic Cooperation and Development
Mr. R. Rassou	International Labour Organization
Mr. D. Sellwood	Eurostat

2. The Chairman introduced Ms. Kinnunen as Secretary of the Task Force. Invitations had been sent to the International Monetary Fund (IMF), the European Free Trade Agreement (EFTA), the Economic Commission for Europe (ECE) and the other regional commissions, as decided at the first meeting of the Task Force (Geneva, 28 October 1993) (see E/CN.3/1994/9, para. 17). The EFTA statistical adviser in Eurostat had decided not to attend the meeting but wished to be informed of future progress of the Task Force.

3. Under agenda item 1, "Adoption of agenda", the agenda was adopted after agreement to discuss item 6 before item 5.

4. Under agenda item 2, "Minutes of first meeting", the minutes were adopted.

5. Under agenda item 3, "Matters arising", there were no matters arising other than those listed for discussion in the agenda.

6. The Chairman presented the key points of the report of the Task Force on its first meeting (E/CN.3/1994/9); the report had been distributed to participants before the meeting. Participants also received the relevant chapter (E/CN.3/1994/L.4/Add.4) of the draft report of the Statistical Commission on its special session (New York, 11-15 April 1994).

7. The Chairman proposed that the Task Force further discuss the terms of reference of the Task Force on the basis of the information contained in the documents mentioned in paragraph 6 above.

8. The Chairman requested participants' views on whether the terms of reference should include other prices in addition to consumer prices, such as producer prices and construction prices. He noted that CPI coordination had been given top priority by the Statistical Commission at its special session, and expressed surprise that the draft report had referred to ICP as being of an experimental nature.

9. The representative of UNSTAT described the discussion of CPI and ICP at the special session of the Statistical Commission, noting that there had been much discussion of the work of the Task Force and that the Statistical Commission was satisfied with the results, bearing in mind the lack of resources and short time available. The Commission expected the Task Force to prepare a work programme.

10. The representative of UNSTAT stated that although the Statistical Commission had expressed a preference for CPI coordination and harmonization, the important role of ICP had also been recognized. The reference to the experimental nature of ICP merely reflected developing countries' concerns about the quality of the results. The representative of the World Bank confirmed that interpretation and called for a proper evaluation of the role and use of ICP in order to dispel any notion that ICP was experimental; however, he also stressed that the work of the Task Force should not be restricted solely to ICP.

11. The representative of OECD stated that OECD was unhappy with the secondary role of ICP in the Task Force. OECD would also like to include producer prices in the terms of reference.

12. The Task Force agreed that its work would concentrate initially on consumer prices, including consumer prices within ICP. The inclusion of other prices, in particular producer prices and construction prices, would be considered at a later stage; if the terms of reference were to be extended in that way, the membership of the Task Force would need to be reconsidered.

13. Under agenda item 4, "Consumer price index harmonization: report on progress", a Eurostat representative introduced a paper entitled "Harmonization of consumer price indices: progress".

14. Eurostat was currently working towards a European Council regulation on harmonized consumer price indices. Although that work concerned only EU member States, other international agencies concerned with CPIs were monitoring the discussions and might thereby be encouraged to proceed with their own harmonization exercises.

15. There was a discussion of whether the harmonization of CPI methodologies was best led by individual countries or by international agencies - the United States of America, France and Finland were each involved in technical assistance including CPI methodologies - but the Task Force felt that international coordination was best managed by international agencies.

16. The Task Force asked Eurostat to send any working papers of its working group on CPI harmonization of a general nature to international agencies dealing with CPIs.

17. Under agenda item 5, "Purchasing power parities (PPP) and consumer price indices: a suggestion for closer integration", in the first report of the Task Force it had been stated that a particular feature of ICP was its close relationship with national CPIs; it was argued that by bringing ICP closer to national CPIs, resources could be allocated more efficiently. The Secretary presented a personal paper with two ideas for discussion. First, the paper raised the question of whether purchasing power parities could be calculated mainly from existing CPI data by treating the most detailed level of classification (basic headings) as homogeneous products that could be compared with the same products in other countries. In that approach, direct matching was not required. Second, the paper suggested including national CPI items in the ICP lists, which would significantly expand the size of the ICP product list.

18. In the first of the two approaches, there would need to be greater intercountry compatibility in the selection of CPI products; as a result of its harmonization project, EU was now approaching such compatibility. The second approach would require an investment in new product codes and computer programmes, as well as more management and control. But in both cases, the need for separate PPP price surveys would disappear.

19. In discussion of the paper, there was general agreement on the principle that there should be a closer integration of CPI and ICP work in the interests of efficiency; indeed, the Working Group on International Statistical Programmes and Coordination had already suggested that principle, no doubt because the financing of ICP surveys was a serious problem and was inhibiting the growth of the project. It was argued, however, that because of quality differences it was extremely difficult to use CPIs for spatial analysis. Eurostat pointed out that in the European Comparison Programme, efforts were being made to include CPI items in the PPP list wherever possible.

20. The Task Force felt that by using a common classification for both exercises, remarkable gains could be made. With a common classification, parities could be calculated with ICP-specific price surveys conducted perhaps as infrequently as every 8 to 10 years.

21. As to the first approach, there was a general view that because of heterogeneities within basic headings the concept "basic heading average price" was not usually helpful; few countries published average prices at that level in their CPIs (although some did). It was emphasized that the main priority for PPP work was international comparability; national representativity was less important.

22. The Task Force nevertheless agreed that some further exploration of the first approach was desirable. Eurostat would make some detailed tests on food parities using CPI data from the United Kingdom of Great Britain and Northern Ireland, Germany, Ireland and Finland.

23. Under agenda item 6, "Programme of action and timetable", it was considered that the programme of action of the Task Force would inevitably be constrained by the difficulty of allocating extra resources. It would cover work on both CPIs and the ICP but would bear in mind the priorities expressed by the Statistical Commission. After discussion, the Task Force agreed on the programme of action, which is contained in appendix 3.